

Legislature Looks to Nix Hochul's Medicaid Managed-Care Procurement

The New York Assembly and Senate's one-house budget plans rejected Gov. Kathy Hochul's proposal to bid out the state's \$60 billion Medicaid managed care program.

The one-house budget proposals, which were released during the weekend, left out Hochul's effort to initiate a competitive bidding process for managed care organizations to cover or continue covering the state's Medicaid enrollees. Of the state's 7.4 million Medicaid members, roughly 6 million are enrolled in a Medicaid managed care plan, according to the state Department of Health.

State Sen. Gustavo Rivera, who chairs his chamber's health committee, said the executive budget proposal "set an ambitious, if not unrealistic, time frame for conducting such a massive undertaking—which could lead to confusion or gaps in coverage."

"It is my understanding that the improvements that the executive hoped to gain from the procurement process could be effectuated through existing contracting provisions," Rivera said, "and I believe that is the approach that should be taken at this time."

Assemblyman Richard Gottfried, who chairs his chamber's health committee, agreed that the agency had not made an adequate case that the procurement was the necessary means to improve Medicaid managed care, given the disruption it would cause in continuity of care.

"It's a pretty blunt instrument for that purpose," Gottfried said. "The department could accomplish their goals simply by making more aggressive use of provisions in their model contracts with managed care plans and how they do and do not enforce those contracts. If they want to improve the behavior of Medicaid managed care plans, which would be welcome, I think they have ample current tools."

Jason Helgeson, who served as the state's Medicaid director from 2011 to 2018 and now leads his own consulting firm, HSG, said the procurement's exclusion from the one-house budgets significantly reduces the likelihood it will make it into the final budget.

Helgeson said the move also signals a shift in power to the Legislature from the executive branch, which tended to wield the upper hand during his time working for the state.

Insurance industry groups applauded the Legislature's omission of the procurement, which would have whittled down the number of Medicaid managed care plans operating in the state to no more than five per region.

In a statement Monday, the New York State Conference of Blue Cross and Blue Shield Plans called the procurement an "ill-conceived proposal to force all Medicaid managed care plans to reapply through a lengthy and costly procurement process that would result in fewer plans." The New York Health Plan Association, which represents 29 managed care plans in the state, had argued it would restrict choice.

"This would force hundreds of thousands of low-income New Yorkers to move from their current health plan, disrupting services for patients and the providers that care for them," association President Eric Linzer said in a statement.

The procurement's supporters say a competitive bidding process would promote accountability and innovation by managed care organizations, or MCOs, and increase Medicaid members' access to care. To continue operating, all current and previously authorized managed care plans would have to submit bids and be selected by the state through the RFP, which would include an evaluation of their past performance.

Lauri Cole, executive director of the New York State Council for Community Behavioral Healthcare, said the insurance industry is using fearmongering to get lawmakers and the public to oppose a competitive bidding process. The Albany-based nonprofit represents 110 behavioral health providers, and Cole said they often struggle to get payment from managed care plans because of prior-authorization requirements and other administrative hurdles.

"Taxpayers deserve a program that requires MCOs that get paid by the state to do more than the minimum, to do more than just check a bunch of boxes," she said.

Cole said many managed care plans do not meet spending targets for behavioral health, which dictate the share of premiums to spend on care for plan beneficiaries, although the executive budget proposal calls for putting those dollars back into behavioral health services.

The Assembly, Senate and Hochul will be negotiating the final budget for April 1.